

## KELLEY DRYE & WARREN LLP

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August 23, 2016

Lubos Riha, CEO
Diamonds International Corporation – D.I.C. a.s.
Siroka 15
110 00 Prague 1
Czech Republic
Lubos.riha@dicholding.com

Re: Sponsorship of MISS UNIVERSE, MISS USA and MISS TEEN USA

**Pageants** 

Dear Mr. Riha:

As you were notified in a letter from Paula Shugart, the President of the Miss Universe Organization ("MUO"), dated May 20, 2016, Diamonds International Corporation ("DIC") breached the material terms of the parties' July 24, 2014 Sponsorship Agreement (the "Agreement"), which has caused and continues to cause damage to MUO.

Among other things, DIC breached the Agreement when it failed to remit the required Cash Fees of \$95,000 each on January 1, 2016 and March 31, 2016 respectively pursuant to Paragraph 3(a)(ii) of the Agreement. DIC further breached the Agreement via its failure to provide each of the following: (a) an approved MISS TEEN USA crown; (b) approved tiaras for Miss Universe 2014, Miss Universe 2015, Miss USA 2015, Miss USA 2016, Miss Teen USA 2015 and Miss Teen USA 2016; and (c) titleholder gifts for Miss USA 2015 and Miss Teen USA 2015 pursuant to its obligations under Paragraphs 3(b) of the Agreement.

Due to DIC's failure to cure these breaches despite MUO's written notice of the same, MUO has terminated the Agreement pursuant to Paragraph 9 (a) of its Standard Terms and Conditions.

Please understand that this termination does not relieve DIC of its existing legal obligations to MUO, including but not limited to payment of the past due Cash Fee of \$190,000

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and delivery of approved crowns, tiaras and titleholder gifts. MUO's damages resulting from DIC's continued breach of the material terms of the Agreement continue to compound.

Despite notice of the termination of the Agreement since at least June 1, 2016, DIC continues to display the MISS UNIVERSE marks and claim an association with MUO in its promotional materials, including references throughout its website located at <a href="http://www.dicholding.com">http://www.dicholding.com</a>. For example, there are various references to MUO Pageants on the home page and "news" page <a href="http://www.dicholding.com/en/news">http://www.dicholding.com/en/news</a> of the DIC website, and a separate page dedicated to the MISS UNIVERSE Pageant: <a href="http://www.dicholding.com/en/miss-universe">http://www.dicholding.com/en/miss-universe</a>. We must demand that you immediately remove all references to the MISS UNIVERSE pageants and organization from your website and all other materials and confirm the same to us no later than August 26, 2016.

Please have your attorney contact me immediately in an attempt to reach a resolution of this matter on an amicable basis. If we are unable to do so we will have no choice but to advise our client to seek all remedies available under the laws of the United States, which governs the Agreement. In the interim, MUO reserves all of its rights and claims with respect to this matter.

Very truly yours,

Andrea L. Calvaruso

ALC:cc

cc: Paula Shugart